

THE EMPLOYMENT TRAINING PANEL

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- 1) The Employment Training Panel (ETP) was established in 1982 as a joint business-labor training program specifically to review and take action on job training proposals that benefit workers and employers. The Panel has approved over \$800 million in proposals since its founding for the training of over 600,000 California workers. Independent research has shown that ETP is one of the most effective job training programs in the nation.
- 2) The Panel is an independent governing board, open to public review as it sets policy and funds training proposals. It is a seven-member commission, appointed by the Governor and Legislature, who sit for fixed terms. Panel members have diverse backgrounds in business, labor and job training, ensuring that training funds are equitably distributed to meet the needs of business and labor throughout the state.
- 3) The California Performance Review (CPR) recommended the Panel be eliminated because the Panel "is not needed to perform job forecasting, training and advisory responsibilities. Many of its programs are duplicative of programs in other state agencies. For instance, information on labor markets is also tracked by the Employment Development Department and the Department of Industrial Relations. The functions of the Employment Training Panel should be carried out within the new Department of Labor and Economic Development and the Secretary can appoint ad hoc advisory commissions as the need arises."
- 4) The CPR, as noted in number 3 above, misstates the duties of the Panel. The Panel does not provide labor market reports but instead uses data produced by the Employment Development Department as a resource in targeting its funds. In fact, the Panel's activities do not in any way duplicate programs in other State agencies. The Panel meets monthly to fund job training programs primarily for incumbent workers, and is one of the leading programs in the U.S. for retraining workers. No other State of California agency funds this type of job training. The Panel reviews applications for funding and approves those that meet the Panel's guidelines. It also establishes policies and regulations for the operation of the program. It does not perform "job forecasting...and advisory" duties.
- 5) The Panel also convenes subcommittees as needed to address special issues and to hear appeals. These subcommittee meetings are open to the public for participation and comment from program stakeholders and customers.
- 6) An independent commission is vital to ensure that all projects meet statutory and regulatory requirements. Eliminating the Panel could lead to poor management and potential improprieties.

- 7) As an example, the Texas Smart Jobs program was managed by the Texas Department of Economic Development (TDED), and was shut down after spending hundreds of millions of dollars on job training programs that it could not document. The Texas State Auditor's Office reported that the program suffered from "gross fiscal mismanagement" by TDED and could not "keep accurate financial records of the \$201 million Smart Jobs fund." Lack of an independent board with both business and labor representatives might have contributed to the failure of that program.
- 8) By comparison, the numerous independent reviews of ETP have demonstrated its effectiveness, and the Panel itself has worked vigorously to ensure that top management continuously improves the operating procedures and processes of the program. The funding process is transparent and subject to scrutiny by the public, and has been the model of accountability and successful performance.
- 9) Furthermore, the Panel does not rubber-stamp projects brought forth by staff. It routinely enforces its strict standards on projects even against staff's recommendations. The Panel does not hesitate to negotiate tougher standards on projects that are determined by the Panel to not meet its mandate to fund high wage, high skill, and secure jobs.
- 10) The costs associated with the Panel itself are negligible, and no real savings to the State would occur by eliminating the Panel as a governing board. This is because:
 - Panel Members are not salaried, and are only reimbursed with a small stipend and for per diem and travel costs, and
 - Total Panel meeting expenses for FY 2002-03, including per diem, travel costs, meeting rooms, accommodations, and all other associated costs last were less than \$80,000 – which was only 0.084 percent of the Panel's total available funds.